ART. III. — 1. *Labor and other Capital: the Rights of each secured, and the Wrongs of both eradicated. Or an Exposition of the Cause why few are Wealthy and many Poor, and the Delineation of a System which, without infringing the Rights of Property, will give to Labor its just Reward.* By EDWARD KELLOGG, Author of "Currency the Evil and the Remedy." New York. 1849.

2. *A New Monetary System: the only Means of securing the respective Rights of Labor and Property and of protecting the Public from Financial Revulsions.* By EDWARD KELLOGG. Revised from his Work on "Labor and other Capital," with numerous Additions from his Manuscripts. Edited by his daughter, MARY KELLOGG PUTNAM. New York: Kiggins, Tooker, & Co. 1868.

3. *La Question Ouvrière au XIX^e Siècle.* Par M. PAUL LEROY BEAULIEU. Paris: Charpentier et C^{ie}. 1872.

THE workingmen of Europe and America — a term limited in its popular acceptation to manual laborers — are in a state of great excitement in respect to questions, the proper solution of which concerns other classes of society scarcely less than themselves. Their grievances are generally admitted by the intelligent and thoughtful; who, however, do not agree with the workingmen as to the special cause of those grievances, nor as to its baleful effects being restricted almost exclusively to the laboring classes. The principal grievance of which they complain is, that of the gross annual product of the world, capital gets far too large a share, and labor correspondingly too little; and this grievance, thus broadly stated, will, for the purpose of this paper, be regarded as including in its scope all minor subjects of complaint. The classes referred to assume to understand fully and beyond all possibility of error the reasons why the joint products of capital and labor are thus wrongfully distributed. They also very generally assume a like infallibility of judgment in respect to the rightfulness and efficiency of remedies for the evils of which they complain. My object is to inquire whether, notwithstanding their confidence in the correctness of their opinions, they may not be at fault both as to causes and remedies.

Whether we apply the proposition to the whole world or restrict it to a particular country, it is clear that every person is entitled in the first division to an annual share of the aggregate product exactly proportioned to the relative aid which his labor or capital or both may have contributed to its production. Considered abstractly, that share is certain and definite; but it is not possible for man to determine precisely what such share is in the concrete, and the best that he can do is to observe as nearly as may be the theory of distribution here indicated. The workingmen possess a decided advantage in their agitation, in the fact that *their* wrongs accruing from an inequitable distribution of wealth are conceded. The International Society is perhaps the most obnoxious and revolutionary in purpose of the various organizations which the workingmen have formed and linked together to promote their common objects. Yet of this society, a member of the British Parliament and an Under Secretary of State, Mr. Grant Duff, says: "In so far as this International Society represents anything except anarchy, it represents a vast amount of perfectly reasonable dissatisfaction at the present unreasonable state of things in Europe, where every nation is standing with the sword in one hand and a protective tariff like a target in the other." He supplements this frank admission of the wrongs of the workingmen, however, by the statement of a great truth, which will doubtless pass unheeded by those whom it primarily concerns. "The schemes of the so-called International Society for regenerating the world," says Mr. Duff, "are based on absolute ignorance or disregard of the economic laws by which the world is governed. That being so, WE KNOW that the end of them must be to perish and come to naught, after no doubt causing more or less of bloodshed and destruction of property in this or that place."

STRIKES.

It is enough for the workingmen that they suffer from wrongs; and they adopt measures of redress, either ignorant or reckless of the fact that if obtained in pursuance of such measures, it must be at the expense of further injustice to other classes who are already suffering in varying degrees from the same causes as themselves. One of the measures

most frequently resorted to is the "strike," having for its object higher wages for the same hours of labor; or its equivalent, fewer hours for the rate of wages then current. A common auxiliary to this "remedy" is a system of terrorism, organized to prevent all dissentients from accepting any other terms of employment than such as the majority of the "union" or "league" see fit to prescribe. These organizations also assert the "right" to dictate the proportion of apprentices to journeymen in the several trades; and it would seem that they exercise the "right," which they do not openly assert, of schooling their adherents to do just as little work as possible in a given time and still keep up the *appearance* of working.* Such are some of the expedients to which the workingmen have recourse for the avowed purpose of correcting abuses in the distribution of wealth and securing "justice" to themselves, by awarding to Labor a share of its own legitimate fruits, of which the "tyrant Capital" would otherwise despoil it! But, strange as it may seem, they recognize no tyranny in their own action.

That no business involving the employment of labor can be carried on successfully, if the employés regulate their own wages without regard to the consent of their employer, dictate how many hours shall constitute "a day," and graduate their working down to the lowest possible standard short of absolute idleness, is a proposition which needs only to be stated to secure the assent of every candid and intelligent man. Were strikes limited in their scope to workers who voluntarily join them, there would be less cause to censure their originators. The right of a man or body of men to refrain from labor until terms are offered that are satisfactory to them will not be questioned; but when they interpose by force or threats to prevent others from working except upon terms dictated by themselves, they invade one of the clearest rights of man and make war upon society itself by attacking one of its fundamental bases.

When these men say, "We have the same right to fix the price of our labor as the trader has to fix the price of his

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* M. Leroy Beaulieu's official data would warrant a much stronger affirmation. See p. 96.

wares, and to refuse to take less than our price," they stand on solid ground. But when they say to other workingmen, "You shall not sell your labor at less than the prices we have fixed," and to employers, "You shall hire no labor unless you pay the wages and submit to the rules which we in our councils have prescribed," and proceed to organize a force to give effect to their plans, they repudiate the principles, the language, and the customs of social and business life, and adopt those which properly pertain only to spoliation and war. An indefinite expansion of this "system" would substitute universal spoliation for the present custom of buying, selling, and exchanging all commodities, the parties to every transaction being free to consult their own interests and tastes exclusively; and brute force would take the place of mutual consent in all transfers of property. The universal prevalence of such a system would destroy all sense of security for property and inevitably stop all efforts to accumulate it, beyond the barest and commonest necessaries of life; and as a certain consequence, society as now organized would rapidly give way to lawlessness and savagism. It is perfectly safe to assume that a system of which these are some of the logical and necessary results will not for a very long period receive the support of a number of people sufficiently large to render it an object of dread.

But while the right of man voluntarily to agree not to work, except upon certain conditions, and even to combine for the purpose of securing the terms they "strike" for, will not here be impugned, it may be worth while to show in this connection that all such measures necessarily involve a loss, not only to the participants therein, but to society at large. Two forces, and only two, are indispensable to the production of wealth,—human labor, and the forces (including the raw materials) of nature. The use of capital increases almost immeasurably the efficiency of these two forces or factors; but it is not, like them, absolutely indispensable to production, since there was a time when no capital existed, and the beginning of production must have been made without its assistance. In case of the suspension of human labor, whether voluntary or enforced, the action of the natural forces, which are always awaiting its co-

operation, is necessarily, and to the same extent, suspended also. If man will not plough and sow, if he voluntarily or by compulsion refrains from cultivating the soil, he will get no harvest. But should he plough and sow, and the forces of nature inherent in the soil be suspended, the result would be precisely the same, — he could get no harvest. The suspension of one of these forces is equivalent to the suspension of both. In either event (the suspension of natural forces being impossible, of course, though not unimaginable) the work of production absolutely ceases to the extent of the suspension; the striker loses what he might have gained by his normal activity; and society possesses a proportionately smaller stock of products for distribution among all classes who compose it.

THE NEW MONETARY SYSTEM.

There is, however, a large class of the workingmen of this country — comprising their official leaders and their principal writers — who regard strikes as a temporary expedient, perfectly proper and justifiable indeed, when necessary to enforce the demands of the workers, but destined to be superseded by a grand and comprehensive policy that will secure to labor and capital, with unerring certainty, the exact proportions of gross annual gains to which in strict justice they respectively are entitled. The same policy, in the opinion of its advocates, will also work out the liquidation of the national debt without burdening capital or labor, enable manufactures to flourish in localities where they never could succeed under any degree of tariff protection, provide abundant capital for the industrious and enterprising who cannot now command it, and, in short, reorganize the whole commercial and industrial machinery of the country on a basis as sound and enduring as natural laws. To inaugurate this policy, it is necessary to adopt but a single measure, the issue of an irredeemable paper money, in accordance with Edward Kellogg's so-called "New Monetary System," or with that system as modified by his disciples to adapt it to the altered financial condition of the country.

This system, in my opinion, should be candidly considered and fully and fairly discussed; for, however fallacious and even absurd it may be regarded, circumstances have invested

it with so much importance that it would be impolitic if not unsafe to ignore it. Several millions of our population look to the various organizations of the workingmen for relief from what they sincerely believe to be the unjust exactions of the "capitalist class." The leaders of these organizations have very generally become converts to the doctrines of the "New Monetary System"; and they have the most implicit faith that its adoption by the government would redress all the wrongs of labor, and satisfy every reasonable demand of every class of society. They speak of Kellogg's book as their "Bible"; and his teachings are accepted with as little question as if he were known to be divinely inspired. The most extravagant and indefensible features of this system have found indorsers in the Congress of the United States, one of whose most influential members has reported and zealously advocated a bill avowedly designed to demonetize the precious metals, to prevent a return to a convertible paper currency, and to establish the "New Monetary System" as a part of the permanent financial policy of the country.

There are two modes of dealing with this question and this state of facts, between which we must necessarily choose: first, to treat their pet system and its adherents with contempt; and, second, to appeal to the intelligence of the men who sincerely believe it would prove a panacea for all their ills, and endeavor to convince them that its adoption would inevitably disappoint their expectations and add to their present grievances. To choose the first mode would be equivalent to saying to some millions of our population, "Your wrongs, your remedies, and yourselves are unworthy of our serious consideration"; at least, such would be the interpretation which the workingmen would put upon that kind of treatment. And they would not very unnaturally conclude that the only way to gain the ear of their "oppressors" is, to fill up their own ranks, perfect their organization, confederate their "unions," and school them all to obedience to one central authority, in order that, all milder measures failing, they may be prepared to enforce their demands. The second mode implies the belief that workingmen are essentially like the rest of mankind, pursuing the same objects, moved by the same impulses,

governed by the same motives; and that if you can *convince* them that any line of policy is right or wrong, beneficial or injurious to their own permanent interests and to society at large, you can thereby control their action. Hence it is my purpose to subject some of the salient features of their favorite "New Monetary System" to a somewhat thorough examination.

That system was invented prior to the creation of our large national debt. Its leading features may be briefly stated: "A national safety fund" institution is to be established by the government, which shall issue two kinds of paper: first, "safety-fund *notes*," bearing one per cent per annum interest; and, second, a legal-tender paper-*money*, bearing no interest, but redeemable on demand in the interest-bearing notes. Branches, possessing like powers, to be established in the several States. These institutions or banks to be required to issue their paper "money" at all times, on demand of the owners of productive real estate in exchange for mortgages bearing one and one tenth per cent interest per annum, not exceeding in amount one half the value thereof. A low uniform rate of interest to be established by the Federal government for the whole United States.

Such is a brief outline of Kellogg's "New Monetary System." After the war, his disciples and successors substituted the bonds of the government for real-estate mortgages as the basis of the system. But in order to avoid material changes in Mr. Kellogg's plan, and to secure to labor all its beneficent results, they require the government to make a new issue of bonds bearing a rate of interest not varying largely from that proposed by him for his real-estate mortgages, which bonds shall be convertible at the will of the holder into treasury certificates bearing no interest. These treasury certificates are to be convertible, on demand, into the interest-bearing bonds, and also to be a legal tender for all private debts, as also for all duties and other charges imposed or created by the government of the United States. Moreover, in order to facilitate the placing of the new bonds bearing a low rate of interest, the Secretary of the Treasury is to be "*required* to pay all the outstanding bonds or other obligations of the United States

. . . . when the same shall become due and payable or due and redeemable at the pleasure of the government, *in the treasury certificates* hereby authorized to be issued," excepting from this provision only such obligations of the United States as have been "by law expressly made payable in coin." The "money" provided for by this system is in no event to be redeemable in, nor bear any definite relation to, gold and silver; nor is any other money, either paper or metallic, to be recognized, after this system shall have been fully established.

The reason of this deadly hostility to gold and silver is, that the author of the new system and his followers do not conceive it possible that labor can secure its rights until those metals shall cease to be used as money. Kellogg says, "The law making gold and silver the only tender in payment of debts is well adapted to build up and sustain monarchical governments, because it must infallibly accumulate property in the hands of a few, constituting aristocracies, which are essential to this form of government; but the same reason that qualifies it so admirably for this purpose renders it incompatible with a government having for its sole object the welfare and happiness of the people." And A. Campbell, a disciple of Kellogg, and the highest living financial authority of the workingmen, declares that "the institution of money on the principle of the value inhering in its material, and making it of a substance limited in quantity, in order that the sovereign or a few nobles may have the power to control its value, is indispensable to the maintenance of the autocratic or aristocratic principles of government. Gold is, therefore, the representative of the autocratic principle of government, and is antagonistic to and incompatible with the democratic principle. We cannot maintain the democratic principle unless we institute money upon such a wise and just basis that the sovereign people shall have the power to regulate the volume and control its value. A democracy is but a co-operative association on a grand scale. . . . Its money should, therefore, be a certificate of service rendered or value given to the government or people in their corporate capacity, and which the government should receive in exchange for its bonds bearing a just rate of interest, and it should likewise be made a legal tender in the

payment of all debts public and private, that it may be fitted for the performance of all the functions of money. This is *democratizing money.*"

Vague and crude ideas, somewhat analogous to these, have for centuries been held by "reformers" who have inadequately studied the subject of which they treat; and there seems to be no good reason for questioning the sincerity of the opinions which they express. But it is strange, if not unaccountable, that a member of Congress, as astute and well read on financial subjects as B. F. Butler, should indulge in like utterances. "We have divested our government," says General Butler, "of every trait of the despotisms, every attribute of the monarchies, and every vestige of the slaveries of the Old World, save one, and that is the all-controlling and all-absorbing power by which the masses of the people of all nations of the earth *have ever been enslaved,* — COINED MONEY. More than three thousand years ago, the despots of the world, as the most potent method to enrich themselves and their favorites, and perpetuate their tyranny, hit upon the device of impressing their image and superscription or other peculiar stamp upon pieces of two of the metals. . . . . *Because* of their capabilities of being so converted into *equivalents of power*, the so-called precious metals were eagerly sought after by all men in such degree that they came *falsely* to be deemed to have a special intrinsic value in themselves *equal to the effigy* stamped upon them!" "Coined gold and silver has ever been the handmaid of despotism; the prop of monarchical power; the supporter of thrones; the upholder of nobilities and priesthoods; the engine by which the privileges and pretensions of aristocrats have always been sustained in trampling down the rights, devouring the substance, and absorbing the unrequited labors of the masses."

It cannot be necessary to quote further from the writings of the labor leaders, to show what is the foundation of their hostility to "coined gold and silver"! In their opinion it does not answer a single purpose of "money properly instituted." Their own system, being a perfect one, would leave nothing to be desired by humanity which "money properly instituted" can possibly secure. Some of their fundamental maxims and economical dogmas are worthy of perusal. The following are

selections from the writings of Messrs. Kellogg, Campbell, and Butler: There are two kinds of value, — *actual* value and *legal* value. Actual value, or inherent value, belongs to *anything* that can be employed for any useful purpose without being *exchanged* for any other thing, such as food, clothing, etc. *Legal* value belongs to anything which represents or can be exchanged for things of *real* value. Money has no inherent value; but it must be constituted a *legal* representative of *actual* value. It should be uniform, sound, *cheap*, stable, and elastic. Its value should be as uniform as the length of the yard-stick or the capacity of the bushel; and it should be so instituted that it could be about as easily procured to facilitate all desirable production, trade, and improvements, as *yard-sticks* to measure any quantity of cloth! The right to fix the value of money is as much reserved by the government as the right to fix the length of the yard. Congress has definitely fixed the length of the yard and the size of the bushel, — but it has not fixed the value of money. The value of money is no more fixed or regulated by the laws ordering each piece of money to be coined of a certain *weight and kind of metal*, than the *length* of the yard would be fixed by ordering it to be made of a certain *weight* and kind of wood, without regard to its *length!* The rate or amount of interest that the dollar commands *determines its value*. To keep the *value* of money uniform, the *rate of interest* must be kept uniform. Then it *will* distribute products *equitably*, according to the labor or service performed in their production; and without violating any principle of equity, restore to the industrial classes their natural rights of which they are now deprived by the present iniquitous system.

The main features of the "new monetary system" and of its allied economical philosophy are now before us. They abound in errors of definition, in false analogies, and in other fallacies, some of which are worthy of special notice.

The Kellogg system, as modified by the labor leaders, Sylvis, Campbell, and Casey, and advocated by General Butler in Congress, would almost necessarily prove but a temporary expedient; and for that reason it is entitled to only a brief consideration. Mr. Campbell, writing at a time when our national debt was $ 2,500,000,000, said: "I have shown that under the

true American system, the debt would be liquidated in twenty years, without the imposition of one farthing of taxes on the people." Mr. Sylvis used the word "absorbed," instead of "liquidated"; but he agreed, as to time, with Mr. Campbell,— the debt would be absorbed in twenty years, without the imposition of taxes, etc. The liquidation or absorption, according to their theory, is to be effected in this manner: A given amount of money is necessary to transact the business of the country at the present time. The required amount will increase in about the same proportion as the population of the country. This is to be the only money recognized or tolerated by the government and people. They prove from known data, to their own satisfaction, that in twenty years the entire $2,500,000,000 would be converted into "money" under their system, and that that amount of money would not be in excess of the legitimate wants of the people. Hence the conclusion, "the public debt would be liquidated in twenty years, without the imposition of one farthing of taxes on the people!"

It is obvious, according to their own showing, that another "new monetary system" would become necessary at the end of twenty years. The public debt would be all "absorbed," or "liquidated," and the amount of "money" issuable thereon could not be increased. But the legitimate wants of the people for money would increase at the same rate as the population. What then could be done to supply the demand? Shall more debt be created? If so, for what purpose? Surely labor reformers will not advocate a war of the magnitude of that through which we have recently passed, at intervals of fifteen or twenty years, solely for the purpose of creating a public debt and furnishing the people who should escape death on the battle-field with the only means by which they could supply themselves with "money rightly instituted." This hypothesis may, therefore, be safely dismissed.

There remains one other: public debt could be created by selling bonds and distributing the proceeds thereof among the people as a gratuity, to be used by them for public or private purposes, as Congress might be pleased to direct. But a monetary system requiring the creation of a public debt in this manner, in order to perpetuate itself, would be a fitter subject

of ridicule than of argument. It would seem to be necessary, then, to limit the operation of the modified system to the public debt now existing. And, as already shown, the advocates of the debt basis demonstrate that the debt would be entirely absorbed in twenty years, and an increase in the amount of money would thereafter be impossible, while the legitimate demand for money would keep pace with our rapidly growing population. We are therefore placed in this dilemma as regards the adoption of the modified scheme: We must adhere, more or less rigidly, to the "old ways" and to the old ideas of money; or we must utterly discard the money, the materials and the ideas of money, which, with exceptions scarcely worth noting, have prevailed among all nations from the dawn of civilization, and take up a new and untried system, with full knowledge that it cannot last longer than twenty years. Considering the subject in this aspect, it is quite impossible to suppose that any philosopher or statesman would seriously recommend the adoption of a monetary policy necessarily so ephemeral in its character, and limited in its scope by the amount of a national debt. The original system, whatever may be its defects, possesses at least these dubious merits: it is susceptible of indefinite expansion, and its chosen basis is indestructible by man. Let us return to its consideration.

Kellogg evidently felt greatly embarrassed when he came to lay the foundation of his system, especially in defining "value." It is clear that he had already reasoned himself into the conviction that "money" does not and cannot possibly possess value. This conclusion, from whatever premises, or independent of all premises, was to him an indispensable necessity. "Money *is* the legal representative of property, the *real* value is in the property," he affirms in the outset. Any other conclusion would have been fatal to his "system," which assumes to provide a "money" equally as good as coin in every respect, and better than coin when all the uses of money are included in the comparison. His definition of value must then of necessity be so worded as to place his paper dollar and the metallic dollar in this respect on a par, — divesting both of all pretensions to "real value," and making each the "legal

representative of property." Hence the definition: "Value consists in those properties that render *anything useful.* There are two kinds of value, actual value and legal value. Actual or inherent value belongs to *anything* that can be employed for any useful purpose without being *exchanged* for any other thing. Legal value belongs to anything which represents or which can be exchanged for things of real value."

The author justly observes, that it is very "important in the discussion of this subject clearly to understand the definition of this term." If his definition is correct, it follows that air, water, the heat and the light of the sun, electricity and all other natural forces, possess great "actual or inherent value" in an economic sense; since not only can they all "be employed for useful purposes without being exchanged for any other thing," but unless some of them are "employed," no "things of real value" can be produced by human agencies. Yet no man who understands economic science ever did or ever will so define value as to include light, air, etc., in the list of objects which possess it. Value is simply a relation or proportion between two or more objects of desire produced by labor and other agencies, or between services rendered or to be rendered, indicating the comparative estimation in which such objects or services are held by those who seek to possess them. It follows almost necessarily from this definition, that to "fix the value" of money so as to make it as "definite and uniform" as "the length of the yard-stick or the size of the bushel" is an impossibility; inasmuch as the relations or proportion between money and the products of industry are almost constantly changing. It also follows that the argument based on the alleged reservation of the right by government to fix the value of money, possesses no force whatever. The power to "fix the value of money" has not been given to man nor to human government; and all attempts to exercise it have proved scarcely less futile than the attempt to stay the tide by royal prerogative. Our Constitution assumes to empower Congress to "*regulate* the value" of money and to "*fix* the standard of weights and measures"; but whether the word "regulate" instead of "fix" was used by its framers when treating of the "value of money," because they were conscious

that no government can be invested with power to fix it, is a question not pertinent to this discussion.*

The fiction, "legal value," as distinguished from "actual value," remains to be considered. Money, according to Kellogg and his followers, "possesses only a representative value" or a "legal value"; it is a "legal *medium* by which value is represented and exchanged"; they liken it to a mortgage; as a mortgage is a lien on a specific piece of land, so "money is a public mortgage on all the property for sale in the whole nation!" Governments have "stamped value" on the cheaper metals, such as iron, etc., and by parity of reason our government can "stamp value" on paper "certificates." These "certificates of value," as proposed by General Butler's bill, are not redeemable in anything; nor are they promises to pay, but simply bits of paper on which the government is to "stamp value," and which both government and people are to be compelled to accept at their face value for all debts and dues, public and private. Kellogg's "money" it will be remembered, is redeemable in safety-fund notes; and it is issuable in exchange for mortgages on land worth double the value of the money received. If then the money "represents value," the "real value" must be in the land covered by the mortgage upon which it is issued; and it merely carries with it the ultimate right to claim a portion of the value of the land corresponding to the amount of money in the hands of the respective holders. If a single holder wishes to "realize" on his money, he can get a safety-fund note of $500 for that amount of money. But the safety-fund note is payable not less than one year from the time it is issued; and when it does finally

* It is very convenient to speak of "value," and even of "intrinsic value," as if value, like weight, were simply a property of the material object spoken of. Even Bastiat admits of this use of the word "value," — it being understood that it is used in a figurative sense. But a British writer, Macleod, ridicules the phrase "intrinsic value," and affirms that "to exterminate it is the first step in the improvement of the science," etc. On a subsequent page, however, of the same volume in which he proposes to "exterminate the phrase," he himself employs it. "The Bank of England," says he, "warned by experience, weighs rigidly every single sovereign paid in by its customers, and does not credit them with more than its *intrinsic value* as bullion!" It is not necessary to suppose that the author had forgotten his affirmation that "value resides *exclusively* in the mind," and cannot therefore attach to any material object; but that he found the phrase convenient!

mature it is payable in the same money that was given for it, redeemable only in safety-fund notes! It would seem that this brief recital is sufficient to convince any man of intelligence that the "legal value" of this kind of money would not avail to make these "paper mortgages as valuable as coin"; nor to vest it with "power to measure value equally with coin"; nor to render it of "unvariable value throughout the Union," so that it "cannot be made to fluctuate more in the measure of property than the yard-stick in the measure of cloth."

But, suppose the holder of $500 of this money owes a debt of £100 payable in London, how can he pay it with the funds he has on hand? There is no "legal" way by which he can get $500 in gold for his $500 in "money." His only resource is to sell his money to a gold broker — whose vocation this "system" promises to do away with forever — for whatever he can get. The moment the sale is made it is reported in the money column of the press; and the authors of the "system" are shocked to learn that their "better than gold" money is away down far below par, when compared with the money of the world!

These financial reformers impose upon their followers by asserting, that, whereas all international payments (excepting mere balances) are made in products or in bills of exchange drawn against products, there will be no occasion for the use of money in international trade except as above noted, and our money will be as independent of the money of other nations as our people are of foreign governments. A very simple illustration ought to suffice to remove this delusion. Suppose the person who had $500 of this money and who owed £100 payable in London, instead of selling his money for gold had gone into the market to buy cotton sufficient to pay his London debt. If his money would sell to the broker for only seventy-five cents on the dollar, it is perfectly clear that he would be obliged to pay one hundred cents in paper for the same amount of cotton that seventy-five cents in gold would buy. And hence the depreciation of our money would be as palpable in one case as in the other. Indeed there is no possible way to prevent the money of one commercial country

from being compared to, and its value quoted in, the money of all other countries with which it has commercial relations. Thus our irredeemable paper-money is now daily quoted in Canada and California as worth so much per dollar in gold; and in every city of the United States the premium on gold is also quoted daily; and that is but another mode of stating the extent to which our legal-tender currency is depreciated. Were the money of the new system substituted for our present circulating medium, it, too, would be daily and hourly quoted; or, in other words, the premium on gold would be thus quoted, and hence the ever-fluctuating "value" of that money, measured by a gold standard, would be constantly known. Doubtless the advocates of the new kind of legal tender would insist that the paper dollar would continue to be as unvarying in value as the yard-stick is in length, and that gold alone would fluctuate! But the supply of gold is known to be tolerably steady and uniform; while the new system proposes to authorize every owner of land in the United States to "coin money" at will, to the amount of one half the value thereof. Under such circumstances it would seem to be an insult to the understanding to argue that it is the paper dollar which is constant and unvarying in value, and that the gold dollar alone is changing its value every hour.

Briefly, on another aspect of the proposition that the holder of legal-tender paper-money virtually holds a mortgage on all property for sale in the nation: Kellogg asserts in the outset that "each man should be at liberty to make his own contracts," which is certainly very sound doctrine. The holder of $10,000 of legal tender, worth say fifty per cent in gold, could "foreclose" on and buy no more of "the property for sale in the nation" with his legal tender than he could with $5,000 in gold; since the owners of "property for sale" would be "at liberty" to exact an equivalent value for it in money, and their asking price would vary just one half, accordingly as they stipulated that payment should be made in gold or in legal tender. Should the law sternly forbid the making of prices in anything but legal tender, the holders of that money would be no better off, inasmuch as the owners of property would still be "at liberty" to graduate prices to corre-

spond to the depreciation of the legal currency, or to decline to sell at all. As to paying in a "cheap" legal-tender currency, debts contracted in a dearer currency, or, say in gold, it is obvious that the law which compels the creditor to accept it at par simply empowers the debtor to rob or defraud his creditor out of a sum equal to the difference between the "stamped value" of the legal tender and the current value of money at the time the debt was contracted. Thus the fiction of "legal value" becomes the synonym of legal spoliation.

A UNIFORM RATE OF INTEREST.

The law can and should establish a fair and uniform rate of interest for the whole United States; and that would secure a just and equitable distribution of wealth between capital and labor, and among all classes of the people. So say the advocates of the new system. But history teaches that no laws limiting or making uniform the rate of interest on money have ever been effectual; and science teaches that they neither should nor can be rendered effectual by any human power.

If A earns and receives $1,000 a year, he thereby makes no man poorer; for he has in fact created $1,000 which but for his industry would not have existed. If he saves $500 of his earnings instead of spending them all during the year, he injures nobody by his economy and gives no just occasion for complaint from any quarter. At the close of the year he has $500 to let for the ensuing year; and he also has his labor and skill to let for the same term. B wants to hire his money; and C wants to hire A, who owns the $500. "Each man," says the author of the new monetary system, — "each man should be at liberty to make his own contracts." That is simply the dictate of common-sense and the assertion and application to business of a universal right. C and A accordingly make their "own contract," A agreeing to serve C faithfully for one year, and C agreeing to pay A $1,000 for his services. Nobody sees anything wrong in this bargain. Each party has agreed to give the other nothing but what is his own, nothing of which his right of control is not exclusively and justly his own, as against all other men; and both consider themselves benefited by the exchange of services which they have agreed to make.

But now comes B, who wants to hire A's $500. "Each man should be at liberty to make his own contracts"; A feels quite as competent to hire out his money for a year as to hire out himself. And B is as able to decide whether he can afford to pay $30 or $40 or $50 for one year's use of A's $500 as C is to decide whether he can afford to pay A $1,000 for a year's services. The same principles and rights under natural laws apply to both transactions; and if human laws should interpose to "regulate" or "fix" the annual hire of A's money, it should also fix the hire of himself. If the laws should be invoked in the one case to deprive A of the "liberty" which Kellogg affirms "each man" enjoys by natural law, no man can give a valid reason why it should not be invoked in the other also. It is very true that if left to his own judgment B may promise to pay so high a rate of interest as to involve him in loss. But it is equally true that C, left to his own judgment, may agree to pay such high wages as to involve him also in loss. How can these possible errors of judgment be prevented? By a law of Congress fixing the rate of interest and of wages, or of either? But is it possible or even conceivable that the Congressmen of to-day are better able to determine what rate of interest B can afford to pay one, two, or five years hence than B himself will be at that time? They have no data on which to base their judgment, and no inducement to make it accurate or just; while B will have the powerful incentive of self-interest and a full knowledge of local circumstances and business prospects to restrain and to guide him. Moreover, it is a fact which few will be inclined to question, that intelligence and conscientiousness do not pertain exclusively to our law makers.

The use of money is actually worth more in Great Britain than in Holland, in America than in Europe, in the Southern than in the Northern States, in California than in Massachusetts; and no law framed by man can make it of equal value in these several sections of country. Were it possible absolutely to prohibit the lending of money in California at a higher rate than six per cent a year, little or none would be lent at all. Nature there furnishes such liberal terms of co-operation to the man of enterprise and capital, that he can pay

from ten to fifteen per cent for the use of money and still make large profits; and this state of things accordingly regulates the rate of interest in that State. If capitalists were prohibited from lending money, except at about one half the actual market rates, it is quite certain they would not lend it. They would be more likely to embark in mining, wool-growing, farming, etc., themselves, than to lend their money at six per cent to parties who had hitherto paid twelve or fifteen and yet realized, if not ample fortunes, at least satisfactory profits.

INTEREST AND THE VALUE OF MONEY.

"The rate of interest determines the value of money; its value is no more fixed by the quantity or quality of its material than the length of the yard or the size of the bushel is fixed by the quantity or quality of their wood." "A dollar that can be loaned for twelve per cent is more valuable than one that can be loaned for six per cent." "To keep the value of money uniform, the rate of interest must be kept uniform." So say the advocates of the new system.

But they recognize money as the medium for exchanging equal values. Now the dollar (or any given weight in gold) will exchange in England, Belgium or Holland for a much larger quantity of iron, or cloth, or almost any other of the great staples in universal demand, than it will in California. Yet in the first-named countries money will command about three per cent interest, while in California it readily commands fifteen per cent. Tried by the interest standard of value, money in California possesses about five times the value it does in the other countries named. But tried by the labor standard, money in California is not one half as valuable as it is in England, Belgium, and Holland. Suppose the advocates of making the value of money uniform, through the instrumentality of a uniform rate of interest, possessed and should exercise the power of applying it to these several countries, what would be the result? It must be obvious to every man of common-sense, that in California nobody would lend money, and that in England, Belgium, and Holland, nobody would borrow it,— certainly not for legitimate business uses. "Uniform" stagnation would necessarily ensue, producing wide-spread if not

" uniform " human suffering, until power should cease to interfere for the purpose of destroying the " liberty of each individual to make his own contracts." Prices and the rate of profits are controlled in all countries by natural laws, subject to more or less of the disturbing and always pernicious influence of the state. If the civil power will in all cases leave its citizens free to choose their own vocation and to make their own contracts, neither granting favors to one form of industry nor imposing special burdens on another, prices and profits will constantly tend towards uniformity, not only in any given country but throughout the world, for the simple reason that every man constantly strives to get the largest return for his capital and his labor; and he will instinctively abandon less for more profitable pursuits, whenever the difference will in his judgment warrant a change. And the tendency to uniformity or equilibrium can in no degree be accelerated by the state's assuming to " fix " a scale of prices for labor, money, or other commodities; since if the legal scale conforms to rates which would obtain under natural laws, it will be nugatory and inoperative; while if the legal differs from the natural rates, one party will not give or the other will not take them, and in that event the law will inevitably obstruct the tendency to equilibrium instead of promoting it.

CHEAP MONEY.

" Reformers " of society, especially those of socialistic proclivities, almost universally advocate " cheap money " as a cure for nearly all the evils by which man, as a social being and a subject of human government, is afflicted. Our labor reformers regard it as a grand panacea. Like Proudhon, they affirm that money should be furnished to the people at a trifle above the cost of making it. Its faculty of measuring and exchanging values, they hold, is due to law alone; and that gold is no better than paper-money for these purposes, since money, as such, does not, and cannot be made to, possess " actual value."

Now, one would suppose that inasmuch as a line or " stick " of known length is required to measure distance or length, and a vessel of known capacity, as a quart or bushel measure, is

required to measure a certain class of quantities, so some object of a known "actual value" would be required to measure value. The practice of all nations has in all ages conformed to this idea; and all writers whom the world accepts as authority have taught to the same effect. For instance, Aristotle, more than two thousand years ago, defined "money as a kind of merchandise designed to facilitate exchanges between other kinds of merchandise." It should be made of a "material useful of itself," such "for example as iron or silver, or similar substance, which in the first instance is measured and weighed, but finally, for the sake of convenience, it receives a *particular impression* to indicate its *value*." So Turgot says to the same general effect: "All merchandise has two of the essential properties of money, — to measure and to represent value, — and in this sense all merchandise is money. Reciprocally all money is essentially merchandise. A common measure of values must be something which has a value, which is received in commerce in exchange for other values; there is no token or thing which universally represents a value, except another equal value. Hence a money of pure convention is an impossible thing. Gold and silver are constituted by the nature of things money, and a universal money, altogether independently of convention and law. . . . . They are not, as many have supposed, merely *signs* of value; but they themselves possess value."

Our "reformers," however, are just as sanguine that their paper-money would prove better than gold or convertible paper currency; and they dogmatize just as confidently as if philosophy and experience both sustained their system instead of condemning it. Can they explain how it would work in such a case as this: Suppose all contracts made under present monetary systems are liquidated to-day to the satisfaction of all parties, and the precious metals are demonetized at the same time. Suppose, further, that the "new system" is ready to take the place of the present monetary systems of all commercial nations *to-morrow;* and that it provides an entirely new nomenclature of its own, in order to render its emancipation from the traditions and prejudices of old systems complete and unqualified. The "money" it supplies to the sev-

eral nations respectively is to be their only money; and it is to be a legal tender for all debts, public as well as private. As the unit of value must receive a new name in every country, the "sovereign" may be changed to the "monarch," the "franc" to the "gaul," the "thaler" to the "William," the "dollar" to the "Washington," and so on through the whole list. The new system is now in working order. Let it be assumed that one of its leading advocates, anxious to set it agoing, undertakes the initiative by proposing to buy a valuable estate in New York. He approaches the owner and asks, "What will you take for your property in cash?" "Well, now — I don't know; it is worth fifty thousand dollars of the old money; but I can't tell what it is worth in your new legal tender, for I don't know anything about it. What is the value of a Washington?" "O, the legal value of a Washington is the same as that of a dollar, the place of which it takes in all future business transactions. It is a dollar under a new name; it is a legal tender, the same as the greenback was; and as to names, — why names are nothing. I will take your property at your price." "Yes; but wait a little; I must see what I *can buy* with your money before I agree to take it; for I owe no debts to citizen or government, and its being a legal tender for debt is of no consequence to *me.* I will inquire about it and see you again." All efforts to conclude the bargain on the spot were unavailing; and the real-estate man took a circuit among the merchants, grocers, bakers, and butchers of his neighborhood, with whom he was accustomed to trade, and inquired of them about the new money, — what it is worth as compared with the old, — what is their scale of prices in legal tender, etc. But he could get no satisfaction; nobody knew what the money was worth; everybody was waiting like himself for something to turn up to determine its value; and there was no such thing as a scale of prices in legal tender. So he returns home, and while waiting for a call from the financier, he reads the law organizing the new system. On a renewal of the negotiation he says to the gentleman, "I can't find anybody who knows what the new money is worth; nobody will make a price for anything he has to sell, and I could n't make a price for my property to be paid in money of

unknown value; indeed, I don't know that it has any value." "O, you don't understand it; it has a legal value, just as greenbacks had a legal value, and just as gold and silver coin had a legal válue! The law made greenbacks, and coined gold and silver money, and they were money accordingly, and possessed a legal value. But the law has been changed. The money of yesterday is money no longer. To-day the new legal tender is money, and there is no other money. It alone possesses legal value; and moreover, while in other respects it is as good as gold and greenbacks, it has an advantage over both in that it is secured by mortgage on real estate." "But I do understand it; and what is the legal-tender feature, or the legal value, or the real-estate security worth to me, when I owe no debts, if I can't *buy* anything I want with the money? And why should I *sell* my real estate for fifty thousand Washingtons, so long as under the law I can get twenty-five thousand Washingtons of the government by mortgaging the same property, and yet own it myself? The twenty-five thousand would cost me one and one tenth per cent a year; and I could keep the money as long as I live, should I not fail to pay the interest promptly. So if I sell you my property, worth yesterday $50,000, I shall have a sum of money which at best will bring me five hundred and fifty Washingtons a year. Whether a Washington shall finally exchange for a dime or a dollar I can't possibly tell; but in either event, I should have made a very poor bargain. For if the business public ever receive it as money, possessing anything like a definite 'value,' its circulation must in the nature of things increase with great rapidity. Every man owning real estate can draw at will upon the government agency for money to the amount of half the value thereof, at a nominal rate of interest. Prices of all commodities, including land, will go up in a ratio approximating somewhat nearly the increase in the currency; the land on which to-day the owner can draw but ten thousand Washingtons will next year be a good legal basis or security for five or ten thousand more; and so on to infinity, or until the money becomes so 'cheap' that nobody but luckless creditors will take it at all. Holding these old-fashioned notions, I will keep my property for a while yet."

In the case assumed, that a government should make a "money" of the kind indicated, and absolutely proscribe all other kinds, it might possibly be used temporarily from sheer necessity. But it would be received only at its exchangeable or commercial "value"; and that could be ascertained in no other way than by comparing it either directly or indirectly with other "known values," and they in turn are "known" merely because they are measured by the precious metals. Substantially the same processes would be adopted by the people of every nation where the new system had become the law, to ascertain the value of their respective units of value; for until the nominal value of the new money of the several countries should be settled, by comparing each with a commodity of known and tolerably uniform value, international trade would be impossible. A necessity, therefore, stronger than any human law would compel the people of every nation and of all nations to recognize — informally and indirectly possibly, but none the less really to recognize — a given weight of gold or silver as their practical standard of value.

HOW WOULD THE CHEAP MONEY HELP THE POOR?

Let us once more assume the impossible, — that the new system would furnish a cheap money, of uniform value, which would be generally used in all home business transactions. How would the change from dear to cheap money benefit the poor and the working classes? — that portion of our population who possess skill, ability, and disposition to work, a fair share of intelligence, but no capital. It has been shown that a given amount of capital and labor judiciously employed will yield a larger return in California, for instance, than in Holland or Massachusetts; that it would not be just, even were it possible, to compel labor or capital to accept the same *specific* compensation in California as in Massachusetts, instead of the same *proportion* of the joint product; and, finally, should the law so decree, its enforcement would be absolutely impossible. Hence it necessarily follows that the idea of limiting the share of capital in the joint annual product, at a fixed rate per cent under all circumstances and in all parts of the Union, by means of a law prescribing "a uniform rate of interest," can never

be realized. The question recurs, how then can cheap money benefit labor? This money, according to its advocates, is to possess a steady specific "legal value," and also the faculty of being at all times exchangeable for equal "actual values." They regard money as simply a medium (itself always devoid of real value) by which equal "actual values" are exchanged. It follows of necessity that in order to get a certain amount of "legal value" in this cheap money, the laborer must give an exact equivalent of "actual value," either in his own labor or the proceeds of his labor. Having obtained a given sum of money possessing "legal value" in exchange for equal "actual values" of his own, he, according to the cheap-money theory, holds a "mortgage" of the same amount "on all the property for sale in the nation." But so far he has gained nothing on account of cheap money; he has given value for value, or rather "actual value" for equal "legal value"; and when he comes to foreclose his mortgage, or in ordinary language to buy what he wants with his money, he simply has to reverse the process by which he obtained it, that is, to exchange "legal value" for "actual value" of the same amount. In this transaction too, he gains nothing from cheap money. Had his medium for exchanging equal values been gold, or bank-notes convertible into gold on demand, instead of cheap money redeemable in nothing but paper-money of another kind, he would be just as well off at the conclusion of his purchases; and his several transactions would have been essentially the same, that is, he would have exchanged his labor or its proceeds for gold of equal value; and he would have used the gold to buy commodities of equal value, such as he required to satisfy his wants. So on the ground of the hypothesis, the man who has no interest in making or "coining" cheap money, but who simply uses it in his business affairs, neither gains nor loses in making his exchanges in the cheaper medium. This remark of course applies to a state of things after all adjustments required by a change in the currency shall have been made.

The believer in the new monetary system, in its "legal values" as distinguished from "actual or real values," not unnaturally looks upon the wealth of the world as the product

of labor alone. He sincerely believes that but for craft and cunning, Labor, the creator of all wealth, would to-day be the owner of much the larger portion. He sees that the fact is otherwise; and hence he is too readily persuaded by the precious sophistries of so-called reformers, that cheap money would rectify the great wrong complained of, and put labor in secure possession of the wealth it creates. But here is a general proposition which may be easily comprehended, and its scope fully understood, by any intelligent workingman who will duly ponder it: if without labor, by mere legislation, "*legal* values" can be created which will at all times be exchangeable for equal amounts of "*actual* values," it is clear and unquestionable that at the birth or creation of such "legal values" they will belong to the property-owning class exclusively, and will add by just so much to the preponderance of wealth in its hands, of which the labor class now complain.

Let the workingman pause a moment and think as to the practical results of this theory if they shall ever be realized. The real estate of the whole country is worth to-day something like $10,000,000,000. On this estimate, the owners of real estate would be entitled to receive from the government banks or agencies, on application, the sum of $5,000,000,000 of "money" possessing an equal amount of "legal value" which is exchangeable for the same amount of "actual values." The real-estate owners would virtually add that, or such smaller amount as they should apply for, to their present wealth, subject to the payment of one and one tenth of one per cent a year; but the workingman, owning no real estate, would not get one dollar of the whole issue, except in exchange for an equivalent "actual value" in labor or its proceeds. The same remarks will apply with equal pertinency and force to the modified scheme, of a "money" based upon, and interchangeable at the will of the holder into, government bonds. The possible amount issuable would be smaller; and it would necessarily belong in the first instance to the bondholders instead of the owners of real estate. But in either event the workingman could not get a dollar of this money or "legal value," except by paying the same amount of "actual value" for it. How then is it to benefit him? Why should *he* favor

a system which (always assuming that it is practicable) would add largely to the wealth of the wealthy, but would not add one cent to the pittance of the poor? Why should he favor any paper-money, since under all circumstances it must be based on property in some form, and give to property factitious advantages over labor? The labor reformers assert that physical and intellectual labor creates all wealth; it must necessarily follow that economy alone — the saving of a part of the values it creates — renders accumulation possible. The paper system enables the possessors of wealth to create "legal values" without labor, and thus virtually to transfer to themselves a portion of the earnings and economies of the workingman, giving no equivalent in return.

THE WORKINGMAN'S GRIEVANCES AND THEIR PROPER REMEDIES.

It has been admitted that the workingman has just cause of complaint, and that he is despoiled of his rights in many cases; but this admission is coupled with the allegation that he does not suffer alone. A few of the wrongs here indicated will be briefly and specifically referred to. 1st. The great corporations which enjoy an actual, though not necessarily a legal or technical, monopoly are accustomed to charge the public much more than a fair compensation for the services they render. They virtually possess and freely exercise the power of taxing the public for their own exclusive benefit. Millions upon millions are thus wrongfully abstracted from the pockets of the people every month. These vast sums are to a large extent paid in the form of higher prices upon all products, and the burden is borne in the end mainly by the consumer. Hence the owner of this kind of property gets more than his equitable share of the aggregate annual gains of the whole country, while the rest of the people get correspondingly less than theirs. Here then is a wrong from which the latter class all suffer in common, and not the workingmen alone. They are less able to bear it than their fellow-citizens who possess wealth or a competency, not invested in corporate property; the wrong is more sensibly felt by them, and it is not strange, considering the lack of intelligence on such subjects among all classes, that they should regard all possessors of wealth, with-

out distinction, as their wilful oppressors and natural enemies.

For this class of wrongs it is much easier to prescribe a remedy than to apply and enforce it. Competition here is substantially powerless. Take a railroad, or a confederation of railroads under one management, extending from the Atlantic to the Mississippi, or even to the Pacific, — of what avail is the right to build a road to compete with it? Suppose the managers issue stock to an amount equal to two or three times the cost of their property, and so regulate their fares and freight rates as to insure fifteen or twenty-five per cent dividends on its actual cost; then they say to the public, "If you don't like to pay what we charge, build a road of your own; you are free-traders and so are we; all we ask is what free competition will give us." You are as effectually estopped by the nature of the case from building a competing line as if the law gave the present lines a monopoly in specific terms. The only remedy for this and similar wrongs would seem to be governmental supervision, to which there are very serious objections. But whether such remedy would prove efficient, and whether it would not be fraught with evils as grave as those it should be expected to cure, are questions not proper to be considered here.

2d. The banks of issue — of which there are about two thousand in the United States — circulate some three hundred millions of their notes which pass as money, and on which the banks draw the same rate of interest as on real money. The cost of the notes is so trifling that it may well be omitted in any account between capital and labor; and the interest accruing upon them is substantially a net gain to the bank-owners. Wealth and poverty being comparative terms, it follows that all such gains aggravate existing evils by making "the rich richer and the poor poorer."

This evil might be cured, perhaps, at the expense of causing other evils of a political character, by prohibiting all paper issues not proceeding directly from the government. A free banking system would aggravate instead of curing it; since if every man owning property could convert it into a basis for paper-money on which he would realize interest, he would get a larger proportion of the annual product accruing from labor

and capital than he gets now. The aggregate annual gains of capital would be larger, both absolutely and relatively, leaving to labor relatively, if not absolutely, less than it now realizes. The best that can be said of free banking, as regards the question under consideration, is, that it offers all *owners of property* equal opportunities to increase their gains; but inasmuch as those who own no property cannot profit by it, free banking must necessarily operate prejudicially upon the interests of labor.

3d. The annual war charge is perhaps the most grievous of all the chronic wrongs from which society, and especially the working classes, suffer. Under this head are included the yearly appropriations to pay the cost of past wars, as well as the expenditures necessitated by the large armies and navies of the present day, the loss occasioned by the withdrawal of three million able-bodied men from productive industry, and the almost universal social demoralization which this state of things naturally produces. A very few statistics here may not be inappropriate. Mr. Chrisholm, a British authority, estimates the cost to Great Britain of the wars she has been engaged in since 1688 at over $ 6,000,000,000 in gold. Add an equal sum for the cost to her foes and the aggregate is $ 12,000,000,000. The New York "Evening Post" stated, prior to the Franco-Prussian war, that "2,800,000 men, the flower of the people of Europe, are kept under arms from year to year, idly awaiting the orders of their sovereigns, all of them taken from productive industry and trained as machines of destruction." An American authority, Mr. Burritt, calculates the annual war charge of Christian nations in the aggregate at $ 2,600,000,000. Secretary Boutwell says the public debts of the world have increased from $ 7,600,000,000 to $ 23,000,000,000 in the past few years. These figures will suffice to give some faint idea of the extent to which the earnings of labor are drawn upon every year, omitting here the loss to capital, on account of wars past and prospective. Assuming that $ 2,600,000,000 a year is substantially correct, that sum constitutes a first and indefeasible lien or mortgage upon the earnings of all the workingmen of the civilized world. Nearly $ 9,000,000 must be earned and set apart for the purposes of war every day, before labor or capital can take a dollar for its own use. The "Evening Post"

well says, that were the world relieved from this fearful burden, "there would no longer be a necessity for poverty or an apology for crime. . . . . Give to labor everywhere its own full reward, untaxed by the selfish ambitions and passions of the great, and poets will no longer look to remote traditions for the golden age."

Can this grand result possibly be attained? And if it can be, how? A way can be pointed out for the attainment of that end; and it would seem to be within the scope of possibilities. Every person now holding a portion of the $ 23,000,000,000, which, according to Secretary Boutwell, is the aggregate of national debts, possesses a claim against "the state" for a definite sum of money, say every six months; and all such claims constitute a legal first lien or mortgage upon all the property and all the earnings of the people, of whom "the state" is composed. Let every nation, then, determine that instead of paying the interest on this mortgage forever, or for an indefinite period, it will pay the mortgage itself within a short time, — say ten or at most twenty years. The cost of such a procedure would fall mainly on property, and hence it would be a comparative relief to labor even during the process of adjustment. The nations having paid off their debts, let them adopt and firmly adhere to the policy of paying the cost of all future wars as it shall accrue, by levying taxes upon property sufficient for that purpose.

But can the public debts be paid in so short a period? Why may they not be? Take Great Britain as a fair sample of indebted states; her national wealth is some $ 40,000,000,000, and her debt about $ 4,000,000,000. Were it possible that the whole debt could be paid to-morrow by the transfer of *property* to the holders of consols, — assuming that the levy and the apportionment be equitably made, — nobody would be poorer than he is to-day. The national wealth would be the same, — $ 40,000,000,000 unincumbered, instead of $ 44,000,000,000 incumbered by a mortgage of $ 4,000,000,000. Can it with truth be said that the resources of statesmanship are inadequate to make an adjustment of that debt in ten or twenty years, using money as its chief instrumentality, without doing flagrant injustice to a single class of the British people? For

the present it will be taken for granted that should the great debtor nations exhibit the same resolute and persistent determination which they have exhibited at certain crises in their respective histories, and bring it to bear on a policy of rapid liquidation of their public debts, the present generation would see the work accomplished. That point reached, workingmen, including the smaller property holders, would be entitled to say to the government, and if united in purpose could say with effect: "If war must be waged let its cost be paid by a tax on property. But do not ask us to do the fighting and then mortgage the earnings of our children and our children's children to pay for a war of your own making, which should be paid for as it progresses. Hitherto the cost of everything we consume has been enhanced by the wars of former generations. We have helped to pay a debt for which our little properties and our earnings were mortgaged without our consent. And our firm resolve is, that if we transmit to our children no other heritage than stout hearts and willing hands, it shall at least be unincumbered and free."

If such a state of things shall ever be realized, Labor as a distinctive interest or element will no longer have a serious grievance to complain of. If "the state" guarantee to all equal opportunities to acquire and hold property, granting no special favors, imposing discriminating burdens upon none, and limiting its own expenditures to legitimate objects of government, each man will find his own proper place in the social organism.

ERRORS OF THE PROPERTY OWNERS.

Excepting manufacturers and other employers of labor, very few of the property-owning classes have deigned to pay the slightest attention to the questions in respect to which the workingmen of the world are so profoundly excited. Property in all countries makes but small direct contributions to the support of national debts and costly military and naval establishments, — the most grevious, perhaps, of all the burdens that afflict modern society. The revenues which they necessitate are chiefly raised by excise and import duties, and these are paid by rich and poor, not at all in proportion to their respective abilities to pay, but in proportion to the quantities

of taxed commodities which they respectively consume. Hence it is not surprising that the very wealthy classes, whose minds are much engrossed with their own affairs, should entirely ignore or greatly underestimate the importance of the desperate struggle that is going on in the social strata below them. They are slow to perceive that it concerns them at all; and to quote one of them literally, who pretty fairly represents the moneyed class, they hold that "money has always beat labor and always will."

That proposition is unphilosophic, and the sentiment which pervades it is inhuman if not even brutal. For it implies that money has always despoiled labor, and always will despoil it, of a part of its own proper rewards. The unaccomplished part of the proposition is simply a prophecy embracing all future time. May capital or wealth safely rely on its fulfilment? It is a fact affirmed by the highest statistical authority, and disputed by no intelligent economist or statesman, that the wealth of the world is rapidly concentrating into fewer and still fewer hands. The number of persons owning little or no property must necessarily be all the while increasing. The favorite investments of the wealthy classes are, first, the bonds of different governments; and second, the stocks of great corporations. The first are exempt from taxation; the second virtually assess their taxes upon the public, by considering their public taxes, the interest upon their capital, and the cost of operating as one sum, to be provided for in their scale of charges, — which they are generally allowed to regulate in their own discretion and with reference to their own interests exclusively. The combined burden ultimately falls on the masses, who are thus "beaten" out of a portion of their rightful property. Growth, a constant tendency to increase, is a "law" of national indebtedness. The oldest national debt dates back only two centuries; and it was but a bagatelle one hundred and seventy years ago. Since that time national debts have largely increased in number, and their rate of growth has increased with much greater rapidity, — as the advance from $7,600,000,000 to $23,000,000,000 in a few years conclusively proves. The demand for this kind of "property" is almost illimitable. For a Turkish national loan

recently put upon the market of Christian Europe, the offers exceeded by one third the amount asked for. The bids for the great loans of Napoleon III. were always largely in excess of the sums required. But the most striking fact to illustrate the eagerness of capitalists for this kind of investment is furnished by President Thiers's French loan. France has lately been shorn of a large slice of territory by the victorious Germans; her capital has been ravaged by the infuriated Commune; tens of thousands of her sons have fallen in battle; her industries have been sadly deranged by the war which humiliated her, and her government has no title to permanence. In this state of affairs she asked the capitalists of Europe to lend her 3,500,000,000 francs to pay her conqueror for leaving what remains of her territory; and the offers mount up to 41,000,000,000 francs! This sum added to the national debt already existing would amount to more than one third of the aggregate wealth of the French people.*

It is evident — for it is a mathematical proposition — that this movement of property from the many to the few, if unchecked, will sooner or later make the few the possessors of all property, while the masses will necessarily be impoverished and virtually enslaved. The ratio of relative increase on the one hand, and of diminution on the other, will make the time required for this consummation proportionally longer or shorter; but it cannot change the result.

Now it would seem to be both the duty and the interest of the class in whose hands the wealth of the world is concentrating, to consider how long this movement can be allowed to go on with safety to themselves and to our social and political institutions. Would property be secure were it all owned by five per cent of the whole population? Would it be secure if ninety per cent owned none? if eighty, or seventy-five? These are questions pregnant with significance to the wealthy, into whose hands property is so rapidly passing. For it must be obvious to them that their own number may become so small — whether it be one or twenty per cent of the population — that legal title to their possessions will avail nothing. With a

* M. de Labry (see Jour. des Economistes for July, 1872, page 130) estimates the national wealth of France at 150,000,000,000 francs.

vast numerical majority holding little or no property, and regarding their own and their children's labor to the latest generation as mortgaged to secure a fixed income to the holders of the public debts and the corporate and consolidated wealth of the world; with such a majority looking upon the few as so managing the machinery of states as to secure to themselves an exemption from all vicissitudes prejudicial to their own interests, by graduating and increasing the burdens and privations of labor to provide against unforeseen contingencies, and thus compelling it to become the guarantor and indemnifier of wealth and privilege, — under such circumstances the power of numbers would certainly be felt, and the possessors of wealth would be simply tenants at will. It is strange that while admitting the rapidly growing inequality of wealth, they appear to be utterly blind to its logical and inevitable consequences. They do not understand as well as the working-men's leaders that commerce has effected a real solidarity among all nations; that the inordinate profits of corporate or other property, and the import and excise duties imposed upon any people are finally assumed and paid in varying proportions by the whole trading world; and that the colossal debts lately incurred by America and France are slowly but surely causing a rise in the prices of all commodities in all countries, and subtracting more proportionally from the earnings of the working-men than from the income of the capitalists. So long as this state of things shall continue, every year will add to the actual grievances of labor, as well as to social disaffection and class hostility; but, what is of even more serious import, every year will also add largely to the relative numbers of those by whom and in whose interest and discretion these grievances seem destined ultimately to be avenged.

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